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2010 JUN -2 P 4: 28

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUN - 2 2010

Attorneys for Payson Water Company

DOCKETED BY

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER COMPANY FOR
APPROVAL OF A WATER
AUGMENTATION SURCHARGE TARIFF
(MESA DEL CABALLO SYSTEM)

DOCKET NO: W-03514A-10-0116

IN THE MATTER OF THE NOTICE OF
FILING OF PAYSON WATER COMPANY'S
PROPOSED CHANGES TO ITS
CURTAILMENT TARIFF (MESA DEL
CABALLO SYSTEM)

DOCKET NO: W-03514A-10-0117

**NOTICE OF FILING LATE-FILED
EXHIBIT**

Payson Water Company, an Arizona public service corporation ("Payson Water" or "the Company") hereby submits this Notice of Filing Late-Filed Exhibit in the above-captioned dockets. Attached hereto as **Exhibit 1** is a revised Curtailment Tariff (Mesa Del Caballo System). As a result of the May 18, 2010 hearing in this matter, the Company worked with both the Mesa del Water Committee ("MDWC") and Commission Staff to craft a form of curtailment tariff that addresses the concerns of all parties involved in this proceeding. This newly proposed Curtailment Tariff for the Company's Mesa Del Caballo System differs from the original Curtailment Tariff, incorporating modifications by the Company, MDWC and Commission Staff in the following manner:

1. Customers who use 4,000 gallons per month or less based on a 12-month rolling average are exempt from the mandatory reduction in daily use

1 requirements triggered at Stages 3, 4 and 5 of any curtailment period. The
2 purpose of this exemption is that customers using 4,000 gallons per month
3 or less are more likely to have already utilized water conservation measures,
4 and a further reduction in water use is likely to impact basic water needs.

5 2. Specific prohibitions against indoor water use have been eliminated. This
6 addresses Staff's concerns about mandatory reductions in basic water use
7 needs for the continued health and safety of customers.

8 3. The requirement that a customer must face automatic fines and penalties for
9 violation of the Curtailment Tariff has been changed to provide the
10 Company flexibility in determining whether such fines and penalties are
11 warranted. This addresses Staff's concerns that a violation of the
12 Curtailment Tariff might be the result of a water leak, or something else
13 beyond the customer's control, making an automatic assessment of fines and
14 penalties unwarranted in certain circumstances.

15 4. The definition of 'daily use' has been modified. Under the newly proposed
16 language, percentage reductions (based on the applicable Stage) are taken
17 from the higher of: (a) the immediately preceding month's actual water
18 consumption, or (b) water consumption for the same month in any one of
19 the two previous years for the same service location. This language was
20 inserted to address Staff's concern over the possible confusion a customer
21 might have over the 'daily use' calculation, as well as the potential inequity
22 if applied to seasonal use customers. The example provided has also been
23 clarified.

24 Although not included in the body of the proposed Curtailment Tariff itself,
25 Company witness Robert T. Hardcastle testified during the hearing that Payson Water
26

1 would be amendable to segregating any fines and penalties collected pursuant to the tariff
2 in a separate account to offset any water augmentation costs incurred, thereby reducing
3 the amount of the monthly surcharge applicable to all customers. If the Administrative
4 Law Judge believes that such a procedure is in the public interest, the Company expects
5 that such a requirement will be included in any proposed opinion and order, and can be
6 addressed accordingly by the full Commission.

7 RESPECTFULLY SUBMITTED this 2nd day of June, 2010.

8 FENNEMORE CRAIG, P.C.

9
10 By: 

11 Patrick J. Black
12 Attorneys for Payson Water Company

13 **ORIGINAL** and 13 copies filed
14 this 2nd day of June, 2010, with:

15 Docket Control
16 Arizona Corporation Commission
17 1200 West Washington Street
Phoenix, Arizona 85007

18 **COPY** hand-delivered
19 this 2nd day of June, 2010, to:

20 Marc E. Stern, ALJ
21 Hearing Division
22 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

23 Kimberly Ruht, Esq.
24 Legal Division
25 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

1 Steven M. Olea, Director
2 Utilities Division
3 Arizona Corporation Commission
4 1200 West Washington Street
5 Phoenix, Arizona 85007

6 **COPY** mailed
7 this 2nd day of June, 2010, to:

8 Mesa Del Water Committee
9 c/o El Caballo Club, Inc.
10 8119 Mescalero
11 Payson, Arizona 85541

12 By: maria san jae
13 2319077.1

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Payson Water Company

**Docket Nos. W-03514A-10-0116
and W-03514A-10-0117**

Exhibit 1

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.
Docket No. W-03514A-10-0117
Phone No.: _____

Tariff Sheet No.: 1 of 8
Decision No.: _____
Effective: _____

CURTAILMENT PLAN FOR: PAYSON WATER CO., INC.

ADEQ Public Water System: Mesa Del Caballo (#04-030)

APPLICABILITY

Payson Water Company, Inc. (the "Company") is authorized by the Arizona Corporation Commission to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff. As needed, this tariff will be implemented by the Company for customers of the Mesa del Caballo water system ("Water System").

The curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of this tariff.

For the purposes of this curtailment plan the term "Peak Season" shall be defined as the period from May 1 through September 30 annually. The term "Off-Peak Season" shall be defined as all other periods not defined as Peak Season.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

EXEMPTIONS: Customers who use 4,000 gallons or less per month based on a twelve (12) month rolling average are exempt from the mandatory reduction in daily use requirements as outlined in Stage 3, Stage 4 and Stage 5 of this Tariff. This is because these customers are already leading a conservative water lifestyle, and mandatory percentage reductions will likely require the loss of use of water essential to health and safety. However, all other restrictions during mandatory conservation periods will still apply.

STAGES

Stage 1 Exists When:

Water System's storage level is 85% or more of capacity and there are no known problems with production or storage.

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.
Docket No. W-03514A-10-0117
Phone No.: _____

Tariff Sheet No.: 2 of 8
Decision No.: _____
Effective: _____

Restrictions: Under Stage 1 conditions the water system is deemed to be operating normally and no curtailment is necessary, except as follows: (a) no outside watering is permitted on Mondays; (b) outside water is permitted on Tuesdays, Thursdays, and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays, Fridays, and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or any form of irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

Water Augmentation: Under Stage 1 conditions, no water augmentation is required.

Notice: Under Stage 1 conditions, no notice is required.

Stage 2 Exists When:

Water System's storage level is less than 85% of capacity but more than 70% of capacity for at least forty-eight (48) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 2 conditions voluntary conservation measures should be employed by customers to reduce water consumption by at least 20% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Monday's, Thursdays, and Fridays; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

Water Augmentation: Under Stage 2 conditions no water augmentation is required.

Notice: Under Stage 2 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 2 conditions, and a need to conserve water.

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.
Docket No. W-03514A-10-0117
Phone No.: _____

Tariff Sheet No.: 3 of 8
Decision No.: _____
Effective: _____

Stage 3 Exists When:

Water System's storage level is less than 70% of capacity but more than 60% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 3 conditions **mandatory** conservation measures should be employed by customers to reduce water consumption; by at least 30% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, and Fridays.; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 3 conditions the Company shall inform customers of the Water System of the **mandatory** restriction to employ water conservation measures to reduce daily consumption by 30%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 3 conditions, the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 3 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 3 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 2 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 3 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 3 conditions, and a need to conserve water.

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.
Docket No. W-03514A-10-0117
Phone No.: _____

Tariff Sheet No.: 4 of 8
Decision No.: _____
Effective: _____

Enforcement: Once the Company has properly provided notice of Stage 3 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be:

First offense:	\$200
Second offense: (see also Reconnection Fees Section)	\$350
Third offense:	\$750

If a customer believes their water service has been disconnected in error, the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

Stage 4 Exists When:

Water System's storage level is less than 60% of capacity but more than 50% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 4 conditions **mandatory** conservation measures should be employed by customers to reduce water consumption; by at least 40% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, Fridays, and Sundays; (b) outside watering is permitted on Tuesdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 4 conditions the Company shall inform customers of the Water System's **mandatory** restriction to employ water conservation measures to reduce daily water consumption by 40%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 4 conditions the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 4

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.
Docket No. W-03514A-10-0117
Phone No.: _____

Tariff Sheet No.: 5 of 8
Decision No.: _____
Effective: _____

conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 4 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 3 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 4 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 4 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 3 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be:

First offense:	\$400
Second offense: (see also Reconnection Fees Section)	\$750
Third offense:	\$1,500

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

Stage 5 Exists When:

Water System's storage level is less than 50% of capacity for at least twelve (12) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 5 conditions, **mandatory** conservation measures should be employed by customers to reduce water consumption; by at least 50% as measured on a daily use basis. Under Stage 5 conditions no outside watering is permitted. Under Stage 5 conditions the Company shall inform customers of the Water System's **mandatory** restriction to employ water

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.
Docket No. W-03514A-10-0117
Phone No.: _____

Tariff Sheet No.: 6 of 8
Decision No.: _____
Effective: _____

conservation measures to reduce daily consumption by 50%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 5 conditions the following uses of water are strictly prohibited: (1) all outdoor watering; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 5 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 5 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 4 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 5 conditions, the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 5 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 5 conditions, the failure of a customer to comply with this Curtailment Plan within twelve (12) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410(B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be:

First offense:	\$800
Second offense: (see also Reconnection Fees Section)	\$1,500
Third offense:	\$3,000

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.
Docket No. W-03514A-10-0117
Phone No.: _____

Tariff Sheet No.: 7 of 8
Decision No.: _____
Effective: _____

NOTICE

If the Company elects to provide customer water conservation stage notice by use of local sign postings the Company shall post and maintain at least two (2) signs per water system in noticeable locations that include the entrance to major subdivisions indicating the Company is operating under its Curtailment Plan Tariff, beginning with Stage 1. Each sign shall be at least four feet by four feet and color-coded to denote the current stage, as follows:

- Stage 1 - Green
- Stage 2 - Blue
- Stage 3 - Yellow
- Stage 4 - Orange
- Stage 5 - Red

The Company shall notify the Consumer Services Division of the Utilities Division at least;

- Twelve (12) hours prior to entering Stage 2.
- Six (6) hours prior to entering Stage 3.
- Six (6) hours prior to entering Stage 4.
- Four (4) hours prior to entering Stage 5.

RECONNECTION FEES

All reconnection fees shall be cumulative for a calendar year regardless of the Stage that an offense occurs. For example, if a customer fails to meet the requirements of a water conservation stage, observe required water conservation measures under a Stage 3 condition, and after receiving notice that a water conservation stage is in effect, the reconnection fee will be \$200. If the same customer in the same calendar year commits an offense under Stage 5 conditions, the reconnection fee shall be \$1,500. By May 15 and October 15 annually, the Company shall provide the Director of the Utilities Division with a list of customers who paid reconnection fees for failure to comply with the mandatory provisions of the Curtailment Plan Tariff.

Any customer who has service disconnected according to this Curtailment Plan Tariff more than once during a calendar year shall have those terminations count against them in the next calendar year for purposes of establishing the reconnection fee, should another disconnection occur.

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.
Docket No. W-03514A-10-0117
Phone No.: _____

Tariff Sheet No.: 8 of 8
Decision No.: _____
Effective: _____

WATER CONSUMPTION CALCULATION OF "DAILY USE"

For the purpose of calculating "daily use" under the Restriction section of Stage 2, Stage 3, Stage 4, and Stage 5 water conservation conditions, the following definition shall apply:

Daily use is determined by taking the customer water meter reading today and subtracting from the customer's meter reading yesterday. This daily use amount is multiplied by 30 days to obtain a calculated monthly use. This monthly use is then compared to the higher of; (a) the immediately preceding month's actual water consumption, or (b) water consumption for the same month in any one of the two previous years for the same service location, to determine if the customer reduced his/her water consumption by as least the required Stage's percentage. The water customer should reduce his/her daily water consumption from the higher monthly water consumption of either (a) or (b).

Example: Customer meter reads 986654 today. Customer meter read 986354 yesterday. The difference in meter reads is 300 gallons for one day or 9000 gallons for 30 days. Customer actual use in the immediately preceding month was 7,000 (a) gallons. Customer's actual use in the same month last year was 6,000 (b) gallons. Customer is in violation of State 3 mandatory water conservation conditions because his current "daily use" calculation is greater than his higher monthly use of (a) 7,000 gallons. Under Stage 3 the customer is required to reduce consumption by 30% of the 7000 gallons or 2,100 gallons, $7,000 - 2,100$ is 4,900. So the customer's daily use needs to be about 165 gallons per day.

Payson Water Co., Inc.		Revised	SHEET NO.	
	Mesa Del Caballo Water System (PWS 04-030)	Revised	SHEET NO.	
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.	Tariff Sheet No.: 1 of 8
Docket No. W-03514A-10-0117	Decision No.:
Phone No.:	Effective:

CURTAILMENT PLAN FOR: PAYSON WATER CO., INC.'S

MESA DEL CABALLO WATER SYSTEM (PWS 04-030)

ADEQ Public Water System: Mesa Del Caballo (#04-030)

APPLICABILITY

Payson Water CoCompany, Inc. (the "Company") is authorized by the Arizona Corporation Commission (the "Commission") to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff. As needed, this tariff will be implemented by the Company for customers of the Mesa del Caballo water system ("Water System").

The curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of this tariff.

For the purposes of this curtailment plan the term "Peak Season" shall be defined as the period ~~between from~~ May 1 ~~and October 4~~ through September 30 annually. The term "Off-Peak Season" shall be defined as all other periods not defined as Peak Season.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

EXEMPTIONS: Customers who use 4,000 gallons or less per month based on a twelve (12) month rolling average are exempt from the mandatory reduction in daily use requirements as outlined in Stage 3, Stage 4 and Stage 5 of this Tariff. This is because these customers are already leading a conservative water lifestyle, and mandatory percentage reductions will likely require the loss of use of water essential to health and safety. However, all other restrictions during mandatory conservation periods will still apply.

STAGES

Stage 1 Exists When:

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO.	
	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.

Tariff Sheet No.: 2 of 8

Docket No. W-03514A-10-0117

Decision No.:

Phone No.:

Effective:

Water System's storage level is 85% or more of capacity and there are no known problems with well production or storage.

RESTRICTIONSRestrictions: Under Stage 1 conditions the water system is deemed to be operating normally and no curtailment is necessary, except as follows: (a) no outside watering is permitted on Mondays; (b) outside water is permitted on Tuesdays, Thursdays, and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays, Fridays, and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or any form of irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

WATER AUGMENTATIONWater Augmentation: Under Stage 1 conditions, no water augmentation is required.

NOTICENotice: Under Stage 1 conditions, no notice is required.

Stage 2 Exists When:

Water System's storage level is less than 85% of capacity but more than 70% of capacity for at least forty-eight (48) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

RESTRICTIONSRestrictions: Under Stage 2 conditions **voluntary** conservation measures should be employed by customers to reduce indoor and outdoor water consumption by at least 20% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Monday's, Thursdays, and Fridays; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

WATER AUGMENTATIONWater Augmentation: Under Stage 2 conditions no water augmentation is required.

		Revised	SHEET NO.	
<u>Payson Water Co., Inc.</u>		Revised	SHEET NO.	
	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.

Tariff Sheet No.: 3 of 8

Docket No. W-03514A-10-0117

Decision No.:

Phone No.:

Effective:

NOTICENotice: Under Stage 2 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 2 conditions, and a need to conserve water.

Stage 3 Exists When:

Water System's storage level is less than 70% of capacity but more than 60% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

RESTRICTIONSRestrictions: Under Stage 3 conditions **mandatory** conservation measures should be employed by customers to reduce ~~indoor and outdoor~~ water consumption; by at least 30% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on ~~Monday's~~Mondays, Thursdays, and Fridays.; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 3 conditions the Company shall inform customers of the Water System of the **mandatory** restriction to employ water conservation measures to reduce daily consumption by 30%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 3 conditions, the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other ~~indoor or outdoor~~ water intensive activity. Under Stage 3 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

WATER AUGMENTATIONWater Augmentation: Under Stage 3 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 32

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO.	
	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc. Tariff Sheet No.: 4 of 8
Docket No. W-03514A-10-0117 Decision No.:
Phone No.: Effective:

conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

NOTICENotice: Under Stage 3 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 3 conditions, and a need to conserve water.

ENFORCEMENTEnforcement: Once the Company has properly provided notice of Stage 3 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan ~~will~~may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be: ~~(1) first~~

First offense : \$200; ~~(2) second~~

Second offense \$350; and ~~(3) third~~: (see also Reconnection Fees Section) \$350

Third offense \$750-: \$750

If a customer believes their water service has been disconnected in error, the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

Stage 4 Exists When:

Water System's storage level is less than 60% of capacity but more than 50% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

RESTRICTIONSRestrictions: Under Stage 4 conditions **mandatory** conservation measures should be employed by customers to reduce ~~indoor and outdoor~~ water consumption; by at least 40% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, Fridays, and Sundays; (b) outside watering is permitted on Tuesdays for customers with street addresses ending with an odd number; (c)

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO.	
	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.

Tariff Sheet No.: 5 of 8

Docket No. W-03514A-10-0117

Decision No.:

Phone No.:

Effective:

outside water is permitted on Wednesdays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 4 conditions the Company shall inform customers of the Water System's **mandatory** restriction to employ water conservation measures to reduce daily water consumption by 40%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 3 conditions the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other ~~indoor or outdoor~~ water intensive activity. Under Stage 4 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

WATER AUGMENTATIONWater Augmentation: Under Stage 4 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 3 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

NOTICENotice: Under Stage 4 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 4 conditions, and a need to conserve water.

ENFORCEMENTEnforcement: Once the Company has properly provided notice of Stage 3 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan ~~will~~may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be: ~~(1) first~~

First offense : \$400; ~~(2) second~~

Second offense \$750; and ~~(3) third~~: (see also Reconnection Fees Section) \$750

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO.	
	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.

Tariff Sheet No.: 6 of 8

Docket No. W-03514A-10-0117

Decision No.:

Phone No.:

Effective:

Third offense ~~\$1,500.-~~: \$1,500

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

Stage 5 Exists When:

Water System's storage level is less than 50% of capacity for at least twelve (12) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

RESTRICTIONSRestrictions: Under Stage 5 conditions, **mandatory** conservation measures should be employed by customers to reduce ~~indoor and outdoor~~ water consumption, by at least 50% as measured on a daily use basis. Under Stage 5 conditions no outside watering is permitted. Under Stage 5 conditions the Company shall inform customers of the Water System's **mandatory** restriction to employ water conservation measures to reduce daily consumption by 50%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 5 conditions the following uses of water are strictly prohibited: (1) all outdoor watering; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other ~~indoor or outdoor~~ water intensive activity. Under Stage 5 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

WATER AUGMENTATIONWater Augmentation: Under Stage 5 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage ~~34~~ conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

NOTICENotice: Under Stage 5 conditions, the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO.	
	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.	Tariff Sheet No.: 7 of 8
Docket No. W-03514A-10-0117	Decision No.:
Phone No.:	Effective:

the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 5 conditions, and a need to conserve water.

ENFORCEMENT Enforcement: Once the Company has properly provided notice of Stage 5 conditions, the failure of a customer to comply with this Curtailment Plan within twelve (12) hours of receiving notice of its violation of this Curtailment Plan ~~will~~ may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be: ~~(1) first~~

First offense : \$800; ~~(2) second~~

Second offense \$1,500; ~~and (3) third~~; (see also Reconnection Fees Section) \$1,500

Third offense ~~\$3,000~~; \$3,000

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO.	
	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc. Tariff Sheet No.: 8 of 8
 Docket No. W-03514A-10-0117 Decision No.:
 Phone No.: Effective:

WATER CONSERVATION STAGING SIGN NOTICES

NOTICE

If the Company elects to provide customer water conservation stage notice by use of local sign postings the Company shall post and maintain at least two (2) signs per water system in noticeable locations that include the entrance to major subdivisions indicating the Company is operating under its Curtailment Plan Tariff, beginning with Stage 1. Each signs shall be at least four feet by four feet and color-coded to denote the current stage, as follows:

- Stage 1 Green
- Stage 2 Blue
- Stage 3 Yellow
- Stage 4 Orange
- Stage 5 Red

The Company shall notify the Consumer Services Division of the Utilities Division ~~within two hours of entering Stage 3, Stage 4, or Stage 5 conditions at least;~~

- Twelve (12) hours prior to entering Stage 2.
- Six (6) hours prior to entering Stage 3.
- Six (6) hours prior to entering Stage 4.
- Four (4) hours prior to entering Stage 5.

RECONNECTION FEES

All reconnection fees shall be cumulative for a calendar year regardless of the Stage that an offense occurs. For example, if a customer fails to meet the requirements of a water conservation stage, observe required water conservation measures under a Stage 3 condition, and after receiving notice that a water conservation stage is in effect, the reconnection fee will be \$200. If the same customer in the same calendar year commits an offense under Stage 5 conditions, the reconnection fee shall be \$1,500. By May 15 and October 15 annually, the Company shall provide the Director of the Utilities Division with a list of customers ~~why~~who paid reconnection fees for failure to comply with the mandatory provisions of the Curtailment Plan Tariff.

Any customer who has service disconnected according to this Curtailment Plan Tariff more than once during a calendar year shall have those terminations count against them in the

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO.	
	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.

Tariff Sheet No.: 9 of 8

Docket No. W-03514A-10-0117

Decision No.:

Phone No.:

Effective:

next calendar year for purposes of establishing the reconnection fee, should another disconnection occur.

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO.	
	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.

Tariff Sheet No.: 10 of 8

Docket No. W-03514A-10-0117

Decision No.:

Phone No.:

Effective:

WATER CONSUMPTION CALCULATION OF "DAILY USE"

For the purpose of calculating "daily use" under the Restriction section of Stage 2, Stage 3, Stage 4, and Stage 5 water conservation conditions, the following definition shall apply:

Customer Daily use is determined by taking the customer water meter reading today, minus and subtracting from the customer water's meter reading yesterday. This daily use amount is multiplied by 30 days, to obtain a calculated monthly use. This monthly use is then compared to the higher of: (a) the immediately preceding month's actual water consumption, or (b) water consumption for the same month last year in any one of the two previous years for the same service location. Under this definition of "daily use" the water customer shall be deemed in violation of a specific water conservation Stage if the calculation of "daily use" exceeds the higher of either (a) or (b) herein, to determine if the customer reduced his/her water consumption by as least the required Stage's percentage. The water customer should reduce his/her daily water consumption from the higher monthly water consumption of either (a) or (b).

Example 4: Customer meter reads 0000986654 986654 today. Customer meter reads 0000986354 read 986354 yesterday. The difference in meter reads is 300 gallons for one day or 9,000 9000 gallons for 30 days. Customer actual use in the immediately preceding month was 7,000 (a) gallons. Customers actual use in the same month last year was 6,000 (b) gallons. Under Stage Customer is in violation of State 3 mandatory water conservation conditions the customer is required to reduce consumption 30% or 2,700 gallons. Customer is in violation of Stage 3 condition because his current "daily use" calculation is greater than either period (a) or period (b) as defined herein. his higher monthly use of (a) 7,000 gallons. Under Stage 3 the customer is required to reduce consumption by 30% of the 7000 gallons or 2,100 gallons, 7,000 - 2,100 is 4,900. So the customers daily use needs to be about 165 gallons per day.

Example 2: Customer meter reads 000055411 today. Customer meter reads 000055311 yesterday. The difference in meter reads is 100 gallons for one day or 3,000 gallons for 30 days. Customer actual use in the immediately preceding month was 6,000 gallons. Customer actual in the same month last year was 5,000 gallons. Under Stage 3 mandatory water conservation conditions the customer is required to reduce consumption 30% or 900 gallons. Customer is not in violation of Stage 3 condition because his current "daily use" calculation has been reduced more than either period (a) or period (b) as defined herein.

Example 3: Customer meter reads 003130 today. Customer meter reads 003000 yesterday. The difference in meter reads is 130 gallons for one day or 3,900 gallons for 30 days. Customer actual use in the immediately preceding month was 6,000 gallons. Customer's actual use in the same month last year was 3,000 gallons. Under Stage 3 mandatory water conservation conditions the customer is required to reduce consumption 30% or

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO	
	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.

Tariff Sheet No.: 11 of 8

Docket No. W-03514A-10-0117

Decision No.:

Phone No.:

Effective:

~~1,170 gallons. Customer is in violation of Stage 3 conditions because his current "daily use" calculation has not been reduced more than period (b) as defined herein.~~